

Message Text

UNCLASSIFIED

PAGE 01 WINNIP 00541 302056Z
ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00
CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02
PRS-01 /119 W

-----310706Z 036329 /16

R 302030Z DEC 76
FM AMCONSUL WINNIPEG
TO AMEMBASSY OTTAWA PRIORITY
INFO SECSTATE WASHDC PRIORITY 1788
AMCONSUL CALGARY
AMCONSUL TORONTO

UNCLAS WINNIPEG 541

E.O. 11652: N/A
TAGS: ENRG, EINV, CA
SUBJECT: SASKATCHEWAN CONSIDERING LEGAL ALTERNATIVES IN
OIL INDUSTRY DISPUTE
REF: WINNIPEG 540

1. DECEMBER 30 TORONTO GLOBE AND MAIL HAS STORY AND
EDITORIAL ABOUT POSSIBLE GOS MOVES IF SUPREME COURT
OF CANADA SHOULD STRIKE DOWN THE PROVINCE'S OIL AND
GAS CONSERVATION, STABILIZATION AND DEVELOPMENT ACT
BILL 42 ON WHICH A RULING IS EXPECTED IN JANUARY.
EXCERPTS FOLLOW:

2. PREMIER ALLEN BLAKENEY SUPPOSES SOME FORM OF
LEGISLATION WOULD BE AVAILABLE IF THE COURT STRIKES DOWN
BILL 42, AND GOS IS BELIEVED READY TO CALL SASKATCHEWAN
LEGISLATURE INTO SPECIAL SESSION TO DEAL WITH RETROACTIVE
LEGISLATION.

3. "MR. BLAKENEY DID NOT RULE OUT NATIONALIZATION AS HAD
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 WINNIP 00541 302056Z

BEEN MENTIONED BY DEPUTY PREMIER ROY ROMANOW LAST WEEK
(REFTEL), BUT SAID OBVIOUSLY WE HAVE TO KEEP ALL OUR
OPTIONS OPEN, AND IF THAT APPEARS TO BE THE BEST AVAILABLE
OPTION TO US, WE WILL NOT RULE IT OUT ON PHILOSOPHICAL
GROUNDS, BUT WE WILL NOT INSIST UPON IT ON PHILOSOPHICAL
GROUNDS."

4. "MR. BLAKENEY SAID HE FOUND IT DIFFICULT TO UNDERSTAND WHY IMPERIAL OIL HAD BROUGHT ITS LEGAL ACTION BECAUSE THE PROVINCE HAD NEGOTIATED CHANGES IN ROYALTIES AND HAD SIMPLIFIED THE ROYALTY STRUCTURE TO A POINT HE THOUGHT WAS TOLERABLE FOR THE COMPANIES."

5. IN SHARPLY-WORDED LEAD EDITORIAL, ENTITLED "POTASH, OIL AND INEPTITUDE PERSISTING IN REGINA," GLOBE AND MAIL TRACES THE HISTORY OF THE PROVINCE'S DISPUTE WITH POTASH COMPANIES WHICH IT CALLS INSTRUCTIVE IN UNDERSTANDING HOW LOS HAS COME TO ITS "TAWDRY DILEMMA" WITH THE OIL COMPANIES. "...REGINA HAS BACKED ITSELF INTO A LEGAL AND FINANCIAL CORNER THAT LEAVES NATIONALIZATION OF A MAJOR INDUSTRY AS ONE OF THE FEW ALTERNATIVES TO POLITICAL HUMILIATION."

6. EDITORIAL RAISES SEVERAL QUESTIONS:

-- "WHETHER MR.BLAKENEY IS BACKING INTO NATIONALIZATION BECAUSE HE IS INCOMPETENT (UNLIKE OTHER RESOURCE-OWING PREMIERS), OR WHETHER HE IS CREATING ARTIFICIAL ISSUES TO JUSTIFY NATIONALIZATION TO HIS ELECTORATE-- EXPLOITING PROVINCIAL AND NATIONAL PATRIOTISM IN THE ABSENCE OF WIDESPREAD SUPPORT FOR PUBLIC OWNERSHIP."

"- "WHETHER IT IS "THE FEDERAL SYSTEM" THAT EXPLAINS MR. BLAKENEY'S REPEATED FAILURE TO REGULATE HIS POTASH INDUSTRY, OR MR. BLAKENEY S OWN LEGISLATION--FRAMED SO BADLY THAT IT CONSISTENTLY FAILS IN THE COURTS." --WHETHER IT IS "RANK INEPTITUDE, OR PALPABLE MANIPULATION

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 WINNIP 00541 302056Z

OR SOME ODD COMBINABTION OF BOTH?"

7. IN CONCLUSION, EDITORIAL SAYS: "NOW IT IS OIL COMPANIES. IF SEVERAL OIL COMPANIES SUCCEED IN THEIR SUIT AGAINST SASKATCHEWAN GOVERNMENT TAX REGULATIONS, SASKATCHEWAN WOULD BE LIABLE FOR 500 MILLION DOLLARS IN TAX PAYMENTS. IMPOSSIBLE AND OUTRAGEOUS, FUMES SASKATCHEWAN'S ATTORNEY GENERAL (ROMANOW). NATIONALIZATION OF THE OIL INDUSTRY MUST NOW BE CONSIDERED AN "OPTION" FAMILIAR. SUSPICIOUSLY FAMILIAR. OR IS THERE REALLY THAT MUCH INEPTITUDE IN REGINA?"

HUTSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, NATIONALIZATION, PETROLEUM INDUSTRY, LITIGATION, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 DEC 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976WINNIP00541
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D770001-0245
From: WINNIPEG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976122/aaaaabej.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 WINNIPEG 540
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 25 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 MAY 2004 by williarl>; APPROVED <05 JAN 2005 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SASKATCHEWAN CONSIDERING LEGAL ALTERNATIVES IN OIL INDUSTRY DISPUTE
TAGS: ENRG, EINV, CA
To: OTTAWA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006